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The state support system for agriculture

Yu Ragulina^{1*} and N Zavalko²

¹ Federal Research Center of Agrarian Economy and Social Development of Rural Areas- All Russian Research Institute of Agricultural Economics, 35, building 2 Khoroshevskoe highway, Moscow 123007 Russia

² Financial University under the Government of the Russian Federation, 49 Leningradsky prospekt, Moscow 125993 Russia

E-mail: julra@list.ru

Abstract. In the modern market community, the issues of providing state support for agriculture, as well as the effective use of budgetary funds, are of particular relevance. The agro-industrial complex is a significant socio-economic priority for the development of the state. Currently, agriculture has a low yield, which depends on the climatic conditions and the seasonal nature of production. Agriculture is slower than other industries, adapting to the changing economic situation.

Agriculture, like other sectors of the economy, is not a self-regulating sector of the economic system. Therefore, the policy of state regulation of this sector of the national economy is a factor in the sustainable development of regional production and food security of the country as a whole. State support for agriculture is one of the main elements of the system of state economic regulation.

The process of reproduction in agriculture has a number of features that are noted and described in detail by many agrarian economists; therefore, due to its specific nature, agricultural activity needs government regulation and support more than any other sector.

R. M. Kotov identifies the following reasons for the need for state support in agriculture:

1. Seasonality of production as the cause of uneven production by seasons;
2. Dependence on unstable climatic conditions (especially evident in Siberia: droughts, floods, pests), which endows the industry with a high level of risk;
3. One of the main factors of the distribution of agricultural production is the fertility of the land, as a result of which the production of various agricultural products is dispersed in different territories and occupies large areas, which is not always effective;
4. There is an outflow of population from the countryside to the city due to poor infrastructure, low wages, irregular working hours. The mobility of agricultural labor is at a low level due to its psychologically complex perception;
5. Low elasticity of agricultural production with respect to price changes, i.e. it takes time to adjust to new prices;
6. Agricultural production is the most capital-intensive sector of the national economy, since its technical progress requires significant investments.



The revealed features of agricultural activity explain the fact that it is here that the action of the existing economic mechanism of the market is contradictory.

A number of researchers believe that the basis for the formation of the state system of support at both the federal and regional levels of development of the rural economy are:

- The importance of agriculture in solving the problems of the country's food security, ensuring all social groups of the population with food and ecologically clean food, creating conditions for the stimulating development of other sectors of the economy;
- Insufficient financial sustainability of the agricultural sector due to the factor of instability of the market of agricultural products, raw materials and food, insufficient inflow of real investment, poor development of agricultural insurance, disparity of prices;
- High unemployment in rural areas and, as a result, a sharp decline in the level and quality of life of the population [4, p. 28].

Many see state support for agriculture as a definite set of tools and forms of influence on the development of agricultural sectors and the achievement of goals.

L. A. Ovsyanko believes that "state support for agriculture as a whole should be a complex of state influence, forming a system of methods of both short-term and long-term nature, the purpose of which should be to ensure a more complete and rational use of the productive resources of an agricultural organization an increase in efficiency to provide the population with food of its own production of adequate quality and range" [3, p. 18].

A number of scientists are of the opinion that "government support is an integral part of the country's agricultural production, which eliminates various negative consequences of socio-economic development and also provides favorable conditions for the effective functioning of agriculture".

According to N. F. Vernigor, state support of agricultural sectors is a complex of socio-economic, legislative, and organizational measures that should be carried out by the state and have a focus on the sustainable development of agricultural production and rural areas, ensuring food independence, security and improving food security of the population, and industry (raw materials) [1, p. 143].

State support, as an integral system, includes a set of elements, the main of which are: goals, objectives, principles, functions, forms, methods, and mechanisms [2].

The law "On state support of agricultural production in the Novosibirsk region" defines the following goals of state support:

- The balance of production and consumption by the population of the Novosibirsk region of food products, which are produced on the territory of the Novosibirsk region;
- The competent geographical location and growth of productive forces in the agro-industrial complex of the Novosibirsk region;
- Improving the efficiency of agricultural production, processing and sales of products;
- Assistance in further growth of production and technical potential and material and technical supply of agricultural production;
- Maintaining and ensuring the reproduction of natural resources for further use in agricultural production.

The author believes that the main purpose of the state support of agricultural production is to achieve the food security of a single region within the country's sustainable economic and social development of the industry, to ensure a decent standard of living of the rural population, the maintenance of effective activity producers.

With regard to the objects of state support for agricultural production, L. A. Ovsyanko identifies the following: certain conditions, required processes, industries, product categories and types of resources, agricultural producers, relations arising in the production process. Therefore, the listed objectives of state support should be considered at various levels of regulation:

- The set of tasks on the federal level includes: legislative consolidation of the main provisions of the agrarian policy; indicative planning based on various forecasting methods; economic regulation of prices for major products by region; analysis of the food market filling; making proposals on the establishment and use of state reserve funds; promoting the growth of market infrastructure; regulation of the balance of inter-industry and intra-industry exchanges; creating conditions for healthy competition in the product market; protection of domestic agricultural producers with the help of protectionism policies and the maintenance of exports;
- On the regional level, it is necessary to achieve the following tasks: building a forecast based on trends in the economic development of the region; the development of a strategy for the use and expansion of resources (land, labor, and financial) aimed at increasing the output of the agricultural sector; development of plans and projects for investment; the formation of specific goals for the development of agriculture in the region for 4-5 years.

At the level of a specific organization, the following tasks can be singled out: the development of crisis management plans in the activities of the economy; financial and economic analysis of the current state of the organization; development of directions for ensuring the organization's exit from the pre-crisis state.

The provision of state support in the Novosibirsk region is based on the following provisions:

1. State support guarantees;
2. The purpose and targeting of state support;
3. Equal accessibility of state support for all agricultural producers who meet the conditions for obtaining the necessary state support;
4. The introduction of agricultural production in accordance with the climatic conditions of the districts of the Novosibirsk region;
5. gratuitous and irrevocable transfer of funds allocated from the budget in the form of state support.

R. M. Kotov identifies the following principles of state support:

1. The principle of agrarian protectionism, which presupposes the protection of domestic agricultural producers, the domestic food market from foreign competitors, and in the conditions of the market, this principle becomes even more important.
2. The principle of guaranteed state support, which means that the obligations of the state to agricultural producers must be carried out without question;
3. The principle of program-targeted planning, which consists in determining the state's need for the amount of financing of food funds for its needs and for agricultural producers to significantly reduce the risk associated with market competition.
4. Market-indicative principle, implying non-interference of the state in the economic affairs of agricultural producers; and the state should act as a regulator of all economic processes, as an accomplice in the development of agricultural infrastructure.

N. F. Vernigor also considers the principle of targeted state support and the principle of guaranteed provision of budgetary funds to the basic principles of state support ensuring the safety and development of the functioning of agricultural production in modern conditions of a market economy. By targeting state support, this implies that it is provided directly to agricultural producers. Receipt of budget funds for the development of agriculture is not allowed by organizations that are intermediaries. The principle of efficient use of budgetary funds is implemented as a result of the state's fulfillment of its direct functions through the development and implementation of departmental programs and projects, as a ratio of the result to the budget expenditures that ensures its receipt.

L. A. Ovsyanko believes that state support for agriculture performs the following functions:

- Legal: the state must develop and establish the legal norms of economic activity, regulate the economic behavior of economic entities;
- Administrative and economic: to create and terminate activities and management of organizations, property of the state, shares owned by the state, set prices and tariffs for services; stabilization: to restore market equilibrium between supply and demand;
- Regulatory: to influence the formation of inter-sectoral and inter-regional proportions of economic development, to maintain equality of exchange between the sectors of agriculture and other sectors of the economy, the proportions of income of agricultural producers;
- Scientific and personnel: participation in the training and retraining of specialists and workers for agriculture, raising the skills of workers, organizing scientific research with the help of the state, promoting the development of scientific and technological progress in agriculture;
- Control: to pay special attention to the functioning of the agro-industrial complex, to control the activities of economic entities over their compliance with current legislation.

In order to regulate the development of the agro-industrial complex as a whole, the state performs the following functions:

- Selecting priority facilities for the development and use of investments in agriculture;
- Supporting priority sectors through direct budget financing, through the mechanism of subsidies and concessional subsidies;
- Implementing the process of concluding contracts for the supply of resources of agricultural products;
- Regulating land relations;
- Stabilizing food supplies;
- Regulating food prices;
- Determining the level of prices and indexing mechanisms for inflation;
- Planning the development of branches of the agro-industrial complex.

State support for agriculture is carried out using the following main methods and methods:

- Preference systems in the tax area, for example, a single agricultural tax;
- Ensuring agrarian reforms with the help of both real and financial investments;
- Crediting of agricultural production on the basis of creating favorable preferential conditions;
- Choosing contractors for the state order on the basis of competition;
- Creating market infrastructure institutions for the agro-industrial complex in the field of insurance, consulting, etc.;
- Providing training and retraining of specialists and workers for the agricultural sector;
- Attracting foreign investments.

Forms of state support for agriculture are implemented through a specific mechanism, formed from eight interrelated blocks: organizational, managerial, economic, financial, technical and technological, social, motivational, environmental, and legal. Each block corresponds to certain elements, and sequential components correspond to them. The block, elements, and components form a specific module that serves to activate and harmoniously match the mechanism and its parts.

The state support is regarded in three forms: direct, indirect, and mediated. Direct government subsidies include support for incomes of agricultural producers, the essence of which is direct government compensation payments, as well as payments that the state pays to agricultural producers in case of damages resulting from natural disasters.

By indirect state support of producers of agricultural products should include insurance of the future crop and lending to livestock and crop production on preferential terms. Each of these ways of state support has its own specific mechanism. The form of mediated support is expressed by ensuring favorable organizational and economic conditions for the functioning of agriculture.

Despite the diversity of forms of state support, many scholars believe that in agriculture, unlike in other sectors of the economy, direct subsidies for the production of products should become the predominant form of support.

The totality of the considered elements of the state support system for agriculture should ensure its effectiveness.

So, in Russia, the majority of agricultural organizations do not cover all their production costs at the expense of the proceeds from selling their agricultural products. Therefore, the provision of direct support to agriculture is regarded as a necessity and the main direction of state regulation of the agro-industrial complex.

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